THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Reserve Bank of India has permitted four private sector banks for conducting Central Government business including payment of pension with effect from 1st October, 2003. These banks are:

1. ICICI Bank Ltd.
2. HDFC Bank Ltd.
3. IDBI Bank Ltd.
4. UTI Bank Ltd.

Ban on External Commercial Borrowing

1456. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether Government have imposed a complete ban on External Commercial Borrowing (ECB) by Indian companies;

(b) if so, the reasons therefor; and

(c) whether the Finance Ministry have undertaken a review on the issue of ECB and if so, whether Government propose to lift the ban on ECB to help corporate sector in getting cheap funds from abroad?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) to (c) The ECB guidelines and procedures are periodically reviewed by the Government in the light of prudent management of external debt, changing market conditions, sectoral requirements etc.

In the background of developments in recent months, it became necessary to carry out the following revisions in the existing ECB policy for a temporary period until further review:

(i) All ECBs shall be subject tothe following revised maximum spreads over six months LIBOR, for the respective currency

in which the loan is being raised or the applicable benchmark(s), as the case may be:

Type of Projects	Existing (all-in-cost)	New (all-in-cost)
Normal Projects.	300	150
Infrastructure.	400	250
Long term.	450	300

(ii) ECBs for meeting rupee expenditure under automatic route to be hedged unless there is a natural hedge in the from of uncovered foreign exchange receivables, which will be ensured by Authorised Dealers (ADs). Under the old ECB guidelines, there was no stipulation of compulsory hedging.

(iii) ECBs exceeding USD 50 million would be permitted for the following end uses only (a) Financing import of equipment and (b) Foreign exchange needs of infrastructure projects. Under the old ECB guidelines there was no end use restriction for ECBs except investment in capital market.

(iv) No financial intermediary (*viz.* a bank, DFI, or NBFC) will be either allowed access to ECBs or to provide guarantees. However, this will not apply to Textile and Steel restructuring packages which have already been announced by the Government in consultation with RBI. Under the old ECB guidelines, there was no such restriction.

(v) ECBs pending utilization would need to be packed overseas. Under the old ECB guidelines, ECB raised were required to be utilized/brought into the country at the earliest.

Term loan granted by various Public Sector Banks

1457. SHRI CHO S. RAMASWAMY: Will the Minister of FINANCE be pleased to state:

(a) what is the total value of term loan granted by various public sector banks individually during the current financial year;

(b) whether it is a fact that getting loans from the banks are very difficult even though there is regular announcements that the process is simplified; and